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ABSTRACT

This newsletter issue focuses on the basic sliding fee child care program, outlining the need for child care assistance, explaining how the program costs less than public assistance, examining the effects on families waiting for the program, providing an overview of how the program currently works with a county-by-county analysis (a 2-page chart accompanies this section), and offering recommendations for policymakers, citizens, employers, child advocates, and other citizens. Vignettes of individual family experiences highlight the individual articles. (AP)

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Spring 1995

This report on the Basic Sliding Fee Child Care Program:

- outlines the need for child care assistance
- explains how the program costs less than public assistance
- examines the effects on families waiting for the program
- provides an overview of how the program currently works with a county-by-county analysis
- offers recommendations for policy makers and citizens.

Minnesota Kids Count, a joint project of the Children's Defense Fund-Minnesota and Congregations Concerned for Children, is funded by the Annie E. Casey Foundation, and provides county-by-county assessments of the condition of Minnesota's children. Minnesota Kids Count releases reports to provide a comprehensive statistical profile of Minnesota's children and a blueprint for action on their

Child Care Assistance Keeps Minnesota Working

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Susan Roffo

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)"

Safe, reliable and high quality child care is a major expense for Minnesota's families. Many low-income, working families don't earn enough to cover child care costs and other basic living expenses. They are forced to rely on unstable and temporary care for their children and face severe financial problems such as debt or bankruptcy. Some parents must quit their jobs or drop out of college or training programs in order to care for their children. Ultimately, some must turn to AFDC, food stamps and Medical Assistance.

Fortunately, some Minnesota families have another option: the Basic Sliding Fee Child Care Program (BSF), which helps low income,

working families pay child care costs. In 1994, the BSF Program helped more than 7,800 low income families by paying a portion of their child care expenses. However, KIDS COUNT estimates that over 58,000 families may be eligible for assistance.

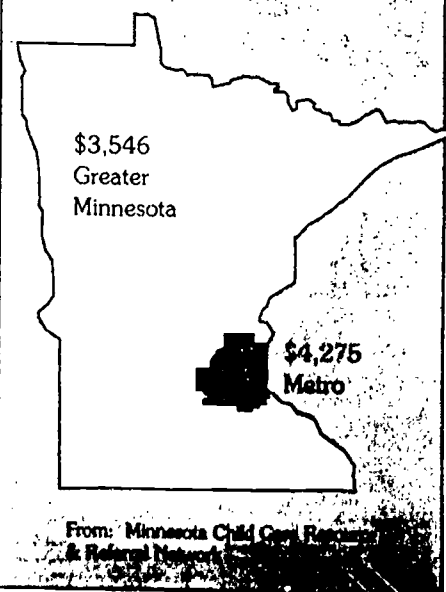
An average of 6,200 low income families were on county waiting lists to receive BSF assistance in the last half of 1994. These families are trying to be self-sufficient and productive, but with average child care costs for a preschool child at \$3,546 in Greater Minnesota and \$4,275 in the Metro area, it is almost impossible for low-income, working families to make ends meet without child care subsidies.

More Families Need Help With Child Care Costs

Approximately one out of every eight eligible families receives help from the BSF program. An average of 7,188 families received BSF subsidies in fiscal year 1994. In 1993, over 148,000 Minnesota families filed for the Federal Earned Income Tax Credit and the State Working Family Credit, which are programs for families whose gross income is less than \$23,000. Using census data, KIDS COUNT estimates that over 58,000 of these families are working parents with children age 12 and under. These are the families most likely to need child care and meet income qualifications for the Basic Sliding Fee Program. ¹

Average Yearly Cost of Child Care

Preschoolers,
3rd Quarter 1994





"I am the mother of a two-parent family with four children under age 7. If there was no assistance to help pay for child care, I would not be able to work and we could not survive on one income. As it is, we struggle to pay our share of \$281 per month. It is a struggle to make the house payment, pay taxes and feed our family."

Before we got on the program, we lived with my husband's family and borrowed money from both sets of grandparents. We want to be self-supporting taxpayers."

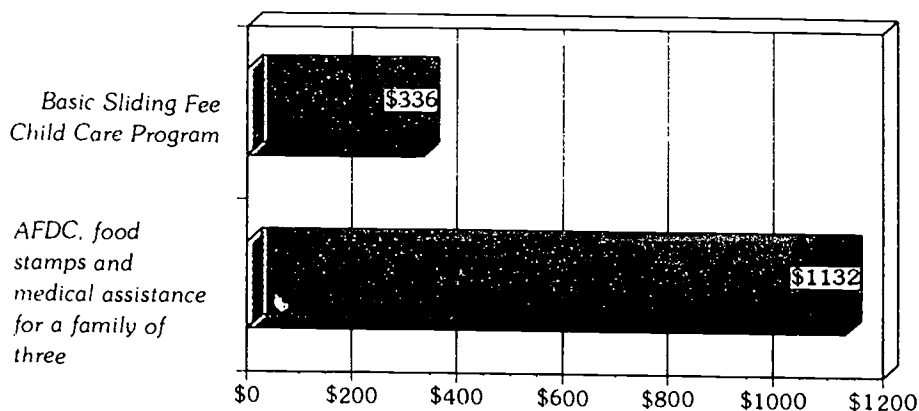
Subsidized Child Care is Cheaper and Better for Families Than Welfare

Providing child care subsidies for low income, working families is cheaper than supporting a family on public assistance. The average monthly cost for a family on AFDC is \$1,132, including food stamps and medical assistance. The average monthly cost for providing the Basic Sliding Fee Child Care Program to that same family is only \$336 (see chart). Sixty one percent of families use the BSF program for two years or less.²

Families who receive funding through the BSF program improve their economic status as they are able to take full-time work and pursue training for higher-wage jobs.³

Welfare reform is impossible without adequate child care assistance for low income families. A 1992 study of California's self-sufficiency program for parents on AFDC reported that, "the reliability and convenience of (child) care were significant in predicting parents' success in the program"⁴ A 1987 General Accounting Office study found that 60% of respondents in public assistance work programs in 38 states reported that lack of child care was a barrier to their participation in the labor force. One-third of poor women not in the labor force identified child care as a barrier.⁵

Average Monthly Costs for Assisting a Family



Note: Average monthly costs of programs provided by Minnesota Department of Human Services. The average yearly cost for assisting a family on the BSF Program is \$4,037. Average AFDC cash grant for a family of three \$532. Foods stamps \$210. Cost of medical coverage \$130 per person.

Four reasons why more Minnesota families need child care subsidies

1. As more women with children enter the work force, the need for child care increases. Minnesota ranks fourth in the nation for the number of mothers working outside the home;⁶ in 1990, 71 percent of Minnesota mothers with children under age six were in the labor force. For mothers with school-age children, the rate was 82 percent.⁷
2. A family with both parents working 40 hours a week at minimum wage has an annual gross income of only \$17,680. Even parents who have jobs which pay significantly above the minimum wage have difficulty paying for child care. The Minnesota Job Gap Study by the Jobs NOW Coalition estimates that a living wage for a family of three (one parent and two children) is \$21,250 or \$10.23 per hour. However, there are six job seekers for every one of these jobs.⁸
3. Single parent families are increasing: 16% of Minnesota children live in single parent families. Single parent families, especially those headed by women, are the poorest families in Minnesota.⁹
4. As more public assistance recipients are compelled to work in order to receive benefits, the need for subsidized child care will increase.

Waiting List Procedures Vary

Most counties keep waiting lists for the BSF Program. The length of time a family is on a waiting list can vary from less than one month to over two years. The waiting time is affected by the amount of money a county has for the program, the type of care needed (for example, infant care is harder to find and more expensive), the number of children in a family, and whether or not the family fits a priority group, such as people ending their transition year from AFDC.

Waiting lists may not be an accurate reflection of need for the program. Approximately 25% of Minnesota counties reported no families on their waiting lists as of October 1994. In a few counties all families desiring BSF assistance are being served. Some counties do not keep a waiting list because they can't afford it. In some counties with larger waiting lists, families are discouraged from adding their names because they are unlikely to receive services. Counties also control or "clean" their waiting lists periodically when they ask families if they are still interested in remaining on the list. When a county last "cleaned" its waiting list affects the

number of families reported to be waiting for assistance. For example, when one county "cleaned" its waiting list in August 1994, there were over 550 families on the list. When the county reported its waiting list to the Department of Human Services in September 1994, it reported 77 families waiting. However, by January 1995, there were over 170 families on the waiting list.

Families previously on AFDC are guaranteed help with child care for one year following AFDC. These families have an effect on the BSF waiting lists because when they enter this transition year, they are immediately placed on the waiting list for BSF. While this enables most of these parents to continue working, other families face longer waiting lists and may be forced onto public assistance. As a recent article in the journal *Young Children* notes, "By treating families on welfare and families of low-income working people as distinctly different when so many have similar circumstances, the current system does not necessarily promote the goal of economic self-sufficiency in an equitable manner."¹⁰

Families Suffer While Waiting for Child Care

A recent report from the Greater Minneapolis Day Care Association, *Valuing Families: The High Cost of Waiting*, found serious consequences for Hennepin County families on the waiting list for child care subsidies. One-quarter of the families on the list left jobs or job-related training and turned to AFDC. Another quarter relied on food stamps and Medical Assistance to make ends meet. Many families had incurred

overwhelming debt as a result of their child care expenses. Almost half of the parents felt unable to work or pursue job training or education for higher-wage jobs. Many children of families on the waiting list do not have consistent, stable care and sound early childhood education.¹¹ Families in need of subsidies but who are not on waiting lists no doubt face similar difficulties.



Suprena

"I am the single parent of one child named Charlie.

I had no financial or emotional support from my family and was forced to go on welfare when I became pregnant. I had to go to food shelves when I ran out of food. I had to get Christmas presents from a charitable organization so that my son could have some Christmas presents. I wanted to finish my four year degree. I wanted to work. I wanted to afford groceries for my child, instead of having to deal with embarrassing food stamps and food shelves. I wanted to get Christmas gifts for my son that were not given to him by some other caring individual.

When I was given subsidized daycare, I was able to get off of welfare and start a job and school. I worked 30-35 hours a week, took four and five classes a semester at the University of St. Thomas and was a caring, devoted mother to a one year old. Subsidized daycare allowed me to receive a four year degree and get off welfare. I now have a full time job and I could not have done it without subsidized daycare."

Linda

"I was married with four children and thought that I had a reasonably secure future with my husband and our growing business until my husband left. He paid child support for the first year after he was gone. This money and receiving child care subsidies allowed me to start a nursing degree.

However, I was informed that my higher education subsidy will run out before I can complete my second year, because the legislature changed the funding allocation. Because my child care costs are over \$1,400 per month, I can no longer afford to go to school. The waiting lists for other child care assistance are three years long. To make matters worse, my ex-husband discontinued his child support payments, and the highest paying job that I found pays \$9.50 an hour, which did not cover my child care expenses. I am now on welfare. I don't like being here.

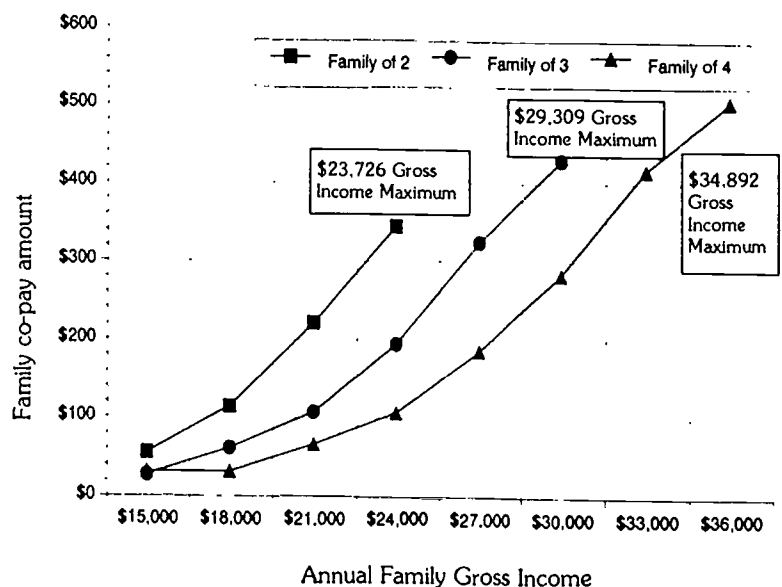
I don't want to raise my kids on welfare. This is not the role model I want to be. I want to raise my children to be confident, productive members of society. My options to get off welfare are either school or work. Either way I need child care, long enough to get through an educational program completely or long enough until my youngest is in school. Then I would be able to support myself and my children."

How the Basic Sliding Fee Child Care Program Works

The Basic Sliding Fee Child Care Program, which began in 1980, is managed by the Minnesota Department of Human Services and administered by Minnesota's 87 counties. In 1994, total BSF expenditures were approximately \$29 million, which includes \$14 million from the federal government, \$9.5 million from the state and \$5.3 million from county governments. Each county's portion of state funding is based on a formula that counts the total number of children under 13, the number of children enrolled in income-based health plans and the county's BSF expenditures from the previous year. State statute requires counties to contribute a minimum of 15% of the program's direct service cost to claim their full state and federal BSF allocation.

To qualify for assistance, a family's annual income must be below 75% of the state median income. In 1994, the cutoff point was \$29,309 for a family of three. The program requires that families pay a portion of their child care expenses, based on family size and gross income. For example, a family of three with an annual income of \$15,000 would pay \$18 a month for child care expenses, which represents approximately .4% of their total gross income. As a family's income increases, its share of child care expenses also increase (see chart). For example, when a family's gross income is 75% of the State Median Income, a family of three pays \$420 a month for child care, 17% of their gross income.

**1994-95
Minnesota
Child
Care
Sliding
Fee
Scale**



County Contributions to the Sliding Fee Program Differ

Some counties have contributed county dollars to the program, far beyond the amount mandated by statute. Other counties returned funds to the state, even though there are unserved, eligible families in that county. County spending is not the only

indicator of support for the program. Some counties underspend their allotments because of economic distress in the county. County commitment to the BSF Program must be examined on a case-by-case basis.

Stable, High Quality Child Care Helps Children; Poor Care Hurts Children

The first five years of a child's life are crucial to healthy development, yet universal public funding for education does not begin until kindergarten. The quality of care given to children is critical to the overall development of children and the future of our society. *Starting Points - Meeting the Needs of our Youngest Children*, a 1994 study by the Carnegie Corporation, found that "quality child care enables a young child to become emotionally secure, socially competent and intellectually capable." Children in child care "who receive warm and sensitive caregiving are more likely to enter school ready and eager to learn." On the other hand, inadequate or barely adequate care is a powerful predictor of delin-

quency and dropping out of school.¹²

The quality of child care is determined by the education and training of the caregiver, the number of children in a group, and the stability of the child care arrangements and caregivers. High income parents have more choice and can purchase top quality child care. Low income parents who do not receive child care assistance have few choices and often piece together unreliable, low quality care, which has a negative effect on their children. They are also less able to express concerns about the quality of care for their children for fear of jeopardizing their access to even minimal or damaging care.¹³

Recommendations

1. Increase public funding for the Basic Sliding Fee Child Care Program to serve all families currently on program waiting lists.
2. Phase in additional increases so that all eligible families can be served by 2001.
3. Counties should take advantage of all available child care subsidy funds to maximize the number of families served.
4. As state funding for BSF increases, county contributions should be capped at their current dollar amount so that counties do not have a disincentive to spend all of their state and federal allocation.
5. Clarify how waiting lists are maintained so that decision makers and others have a more accurate indication of need.

If families are going to work, the most important role county and state government can play is to provide child care funding."

**- David Sanders, Director
Children's Services, Hennepin**

**For more information
or questions about
this report, contact:**

**Children's Defense Fund
(612) 227-6121**

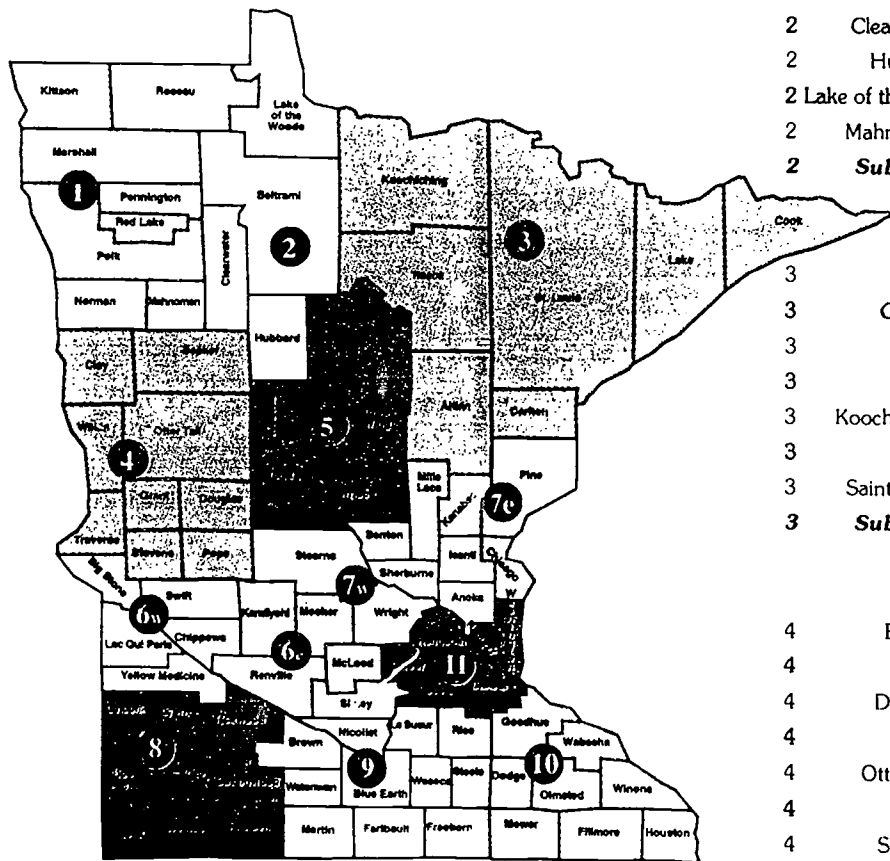
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**Congregations Concerned for
Children
(612) 870-3660**

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A County by County View of Basic Sliding Fee Child Care Need



Region	County	Total families with children under age 18	Estimated number of employed families eligible for BSF *	Average # of families receiving BSF subsidies FY 1994	Percent of BSF allocation overspent (+) underspent (-) FY 1993
1	Kittson	731	77	12	-7.0%
1	Marshall	1,511	162	23	-11.0%
1	Norman	1,005	120	21	+18.0%
1	Pennington	1,779	215	27	+6.0%
1	Polk	4,341	465	86	+8.0%
1	Red Lake	594	78	13	-36.0%
1	Roseau	2,224	242	34	-11.0%
1	Subtotal	12,185	1,359	216	
2	Beltrami	4,526	590	85	+0.0%
2	Clearwater	1,065	179	37	-11.0%
2	Hubbard	1,908	299	29	-19.0%
2	Lake of the Woods	525	97	9	-26.0%
2	Mahnomen	662	107	14	+0.0%
2	Subtotal	8,686	1,272	174	
3	Aitkin	1,457	301	25	-17.0%
3	Carlton	4,045	482	53	+4.0%
3	Cook	473	67	6	-37.0%
3	Itasca	5,529	745	84	-21.0%
3	Koochiching	2,031	274	28	-2.0%
3	Lake	1,251	148	38	+56.0%
3	Saint Louis	25,020	2,527	586	+42.0%
3	Subtotal	39,806	4,544	820	
4	Becker	3,739	616	63	-6.0%
4	Clay	6,197	727	94	+15.0%
4	Douglas	3,720	548	162	+38.0%
4	Grant	709	126	13	+0.0%
4	Otter Tail	6,057	983	135	+12.0%
4	Pope	1,333	206	31	+5.0%
4	Stevens	1,164	129	20	-6.0%
4	Traverse	549	81	19	+30.0%
4	Wilkin	1,046	126	19	+8.0%
4	Subtotal	24,514	3,542	556	
5	Cass	2,616	389	50	-13.0%
5	Crow Wing	5,830	813	82	-19.0%
5	Morrison	4,092	750	66	+5.0%
5	Todd	3,188	504	71	+7.0%
5	Wadena	1,747	367	48	+1.0%
5	Subtotal	17,473	2,823	317	

* To obtain an estimate of eligibility for the BSF Program, KIDS COUNT took the number of families receiving the Working Family Credit and Earned Income Credit for each county during 1993. An adjustment factor was created by using census data to determine the number of these families who also have children ages 12 and under (children who are most likely to need child care) and who are headed by employed single parents or by two parents, both of whom are in the labor force. This is a conservative estimate for two reasons. The income cut-off for Working Family Credit and Earned Income Credit is lower than the cut-off for BSF eligibility. In addition, BSF also serves parents in education and training programs, who may not be eligible for the Working Family Credit and Earned Income Credit.

Region	County	Total families with children under age 18	Estimated number of employed families eligible for BSF *	Average # of families receiving BSF subsidies FY 1994	Percent of BSF allocation overspent (+) underspent (-) FY 1993
6e	Kandiyohi	5,324	726	75	+10.0%
6e	MacLeod	4,512	470	51	-9.0%
6e	Meeker	2,793	347	29	+8.0%
6e	Renville	2,261	333	40	+19.0%
6e	Subtotal	14,890	1,876	195	
6w	Big Stone	751	149	14	-18.0%
6w	Chippewa	1,743	251	36	+27.0%
6w	Lac Qui Parle	1,088	153	15	+13.0%
6w	Swift	1,299	232	15	-3.0%
6w	Yellow Medicine	1,442	221	34	-6.0%
6w	Subtotal	6,323	1,006	114	
7e	Chisago	4,557	663	35	+0.0%
7e	Isanti	3,823	501	27	-2.0%
7e	Kanabec	1,802	249	24	+51.0%
7e	Mille Lacs	2,556	479	24	+4.0%
7e	Pine	2,712	517	61	+2.0%
7e	Subtotal	15,450	2,409	171	
7w	Benton	4,359	636	53	-2.0%
7w	Sherburne	6,349	677	77	+8.0%
7w	Stearns	15,476	1,706	165	-7.0%
7w	Wright	10,463	1,182	69	+15.0%
7w	Subtotal	36,647	4,201	364	
8	Cottonwood	1,580	254	27	-12.0%
8	Jackson	1,524	222	30	0.0%
8	Lincoln *	827	134	*	
8	Lyon *	3,273	472	*	
8	Murray *	1,208	193	*	
8	Region 8 North			93	+7.0%
8	Nobles	2,546	430	28	+42.0%
8	Pipestone	1,301	243	2	-7.0%
8	Redwood	2,255	344	19	+11.0%
8	Rock	1,290	176	13	+21.0%
8	Subtotal	15,804	2,468	212	

* Lincoln, Lyon & Murray are reported jointly under Region 8

Region	County	Total families with children under age 18	Estimated number of employed families eligible for BSF *	Average # of families receiving BSF subsidies FY 1994	Percent of BSF allocation overspent (+) underspent (-) FY 1993
9	Blue Earth	6,033	894	67	+23.0%
9	Brown	3,490	509	58	+5.0%
9	Faribault	2,193	362	**	
9	Martin	3,040	418	**	
9	Faribault/Martin			48	-24.0%
9	Le Sueur	3,211	406	24	+26.0%
9	Nicollet	3,593	422	38	+30.0%
9	Sibley	1,857	297	26	-6.0%
9	Waseca	2,499	352	26	+5.0%
9	Watsonwan	1,487	337	17	-2.0%
9	Subtotal	27,403	3,937	304	
10	Dodge	2,336	268	25	-4.0%
10	Fillmore	2,638	496	42	-13.0%
10	Freeborn	4,283	596	60	+2.0%
10	Goodhue	5,500	582	60	+9.0%
10	Houston	2,494	377	32	+40.0%
10	Mower	4,626	622	141	+69.0%
10	Olmsted	14,988	858	169	+43.0%
10	Rice	6,326	754	48	+4.0%
10	Steele	4,231	480	35	-10.0%
10	Wabasha	2,702	395	24	-2.0%
10	Winona	5,779	830	74	+8.0%
10	Subtotal	55,903	6,258	710	
11	Anoka	37,423	3,142	308	-7.0%
11	Carver	7,378	592	58	+5.0%
11	Dakota	42,651	3,645	393	+48.0%
11	Hennepin	124,120	9,230	1,203	+17.0%
11	Ramsey	59,813	4,380	911	+48.0%
11	Scott	9,021	692	55	-13.0%
11	Washington	22,341	1,241	120	-20.0%
11	Subtotal	302,747	22,922	3,048	

State Total 577,831 58,677 7,201

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What You Can Do To Help Minnesota's Children

As a citizen:

- Contact your state representative and state senator with this message:

"Increase the Basic Sliding Fee Child Care Program which helps low-income, working parents."

If your family or families you know have experienced child care difficulties, share those stories. For the name and address of your state representative and state senator, call: (612) 296-2146 or 1-800-657-3550.

- Take this report to work, to school, or to your congregation and ask five other people to contact their legislators.
- Investigate the situation in your county and encourage action to serve as many families as possible.
- Write a letter to the editor of your local newspaper, supporting increases for the Basic Sliding Fee Child Care program. Use the statistics in this report to support your position.

If you are an employer:

- Follow the Mayo Clinic's example, and help parents who work for you with their child care costs while

they are on the BSF waiting list.

- Write your state legislators and let them know how many of your workers receive child care assistance, enabling them to work for you.

- Be flexible for parents who need to care for sick children or need to transport children from school to child care during the work day.

- Help new employees with children find child care through your local child care resource and referral agency.

If you belong to a church, synagogue or temple:

- Consider offering subsidized full-day child care or after school child care. Develop a partnership with an existing child care center in the community or a family child care provider. Through your partnership, your congregation can help fund child care scholarships, buy needed equipment and supplies and offer volunteer time. For more information on how to create a

partnership, contact Congregations Concerned for Children.

- Provide free child care for all events sponsored by your congregation. During the first week of April, the Week of the Young Child, give special recognition to the early childhood providers in your congregation.

If you are a county commissioner:

- Work to increase your county's contribution to the subsidized child care program.

If you are a state legislator:

Respond to the overwhelming need for child care subsidies and appropriate additional funds to help meet the need this biennium.

As a child advocate:

Call the Child Advocates Hot Line weekly from January to May for updates on actions needed to increase the Basic Sliding Fee Child Care Program.

**CHILD ADVOCATES
HOT LINE**

1-800-626-6108.



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